

# Cost Review Board and the Army Cost Position

**DASA  
Cost &  
Economics**



Presented by  
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# Purpose

Explain the Army Cost Review process  
used to develop Army Cost Positions

# Agenda

- CRB –  
What/Why/Who/When/How
- CRB reconciliation process
  - Schedule Analysis
  - Risk Analysis
- CRB Process Schedule
- Summary

# CRB What & Why

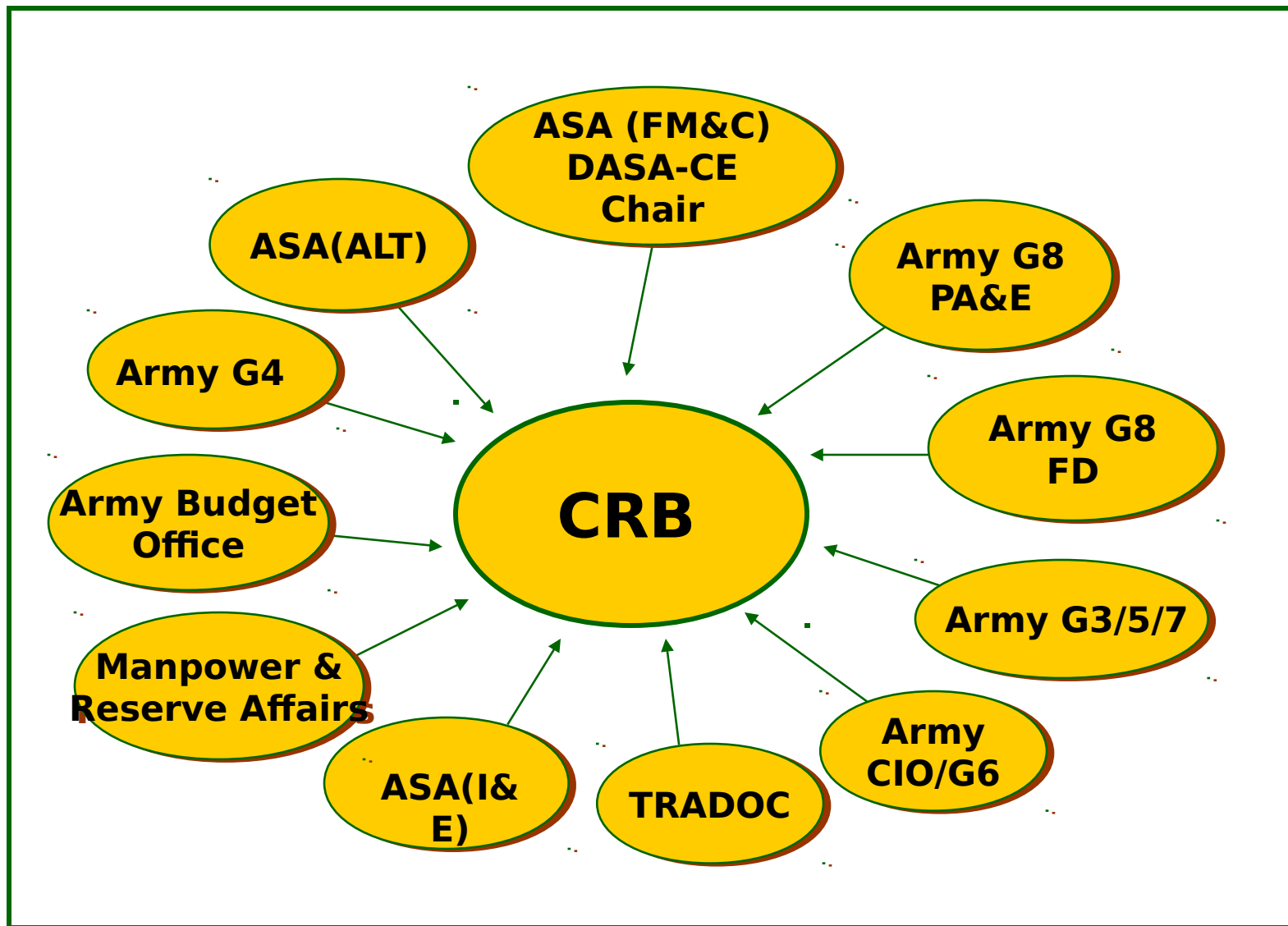
## What

- Board of Senior Executives from HQDA
  - Develop Army Cost Position – a realistic total lifecycle cost estimate
  - Develops Army Stakeholder buy-in and consensus

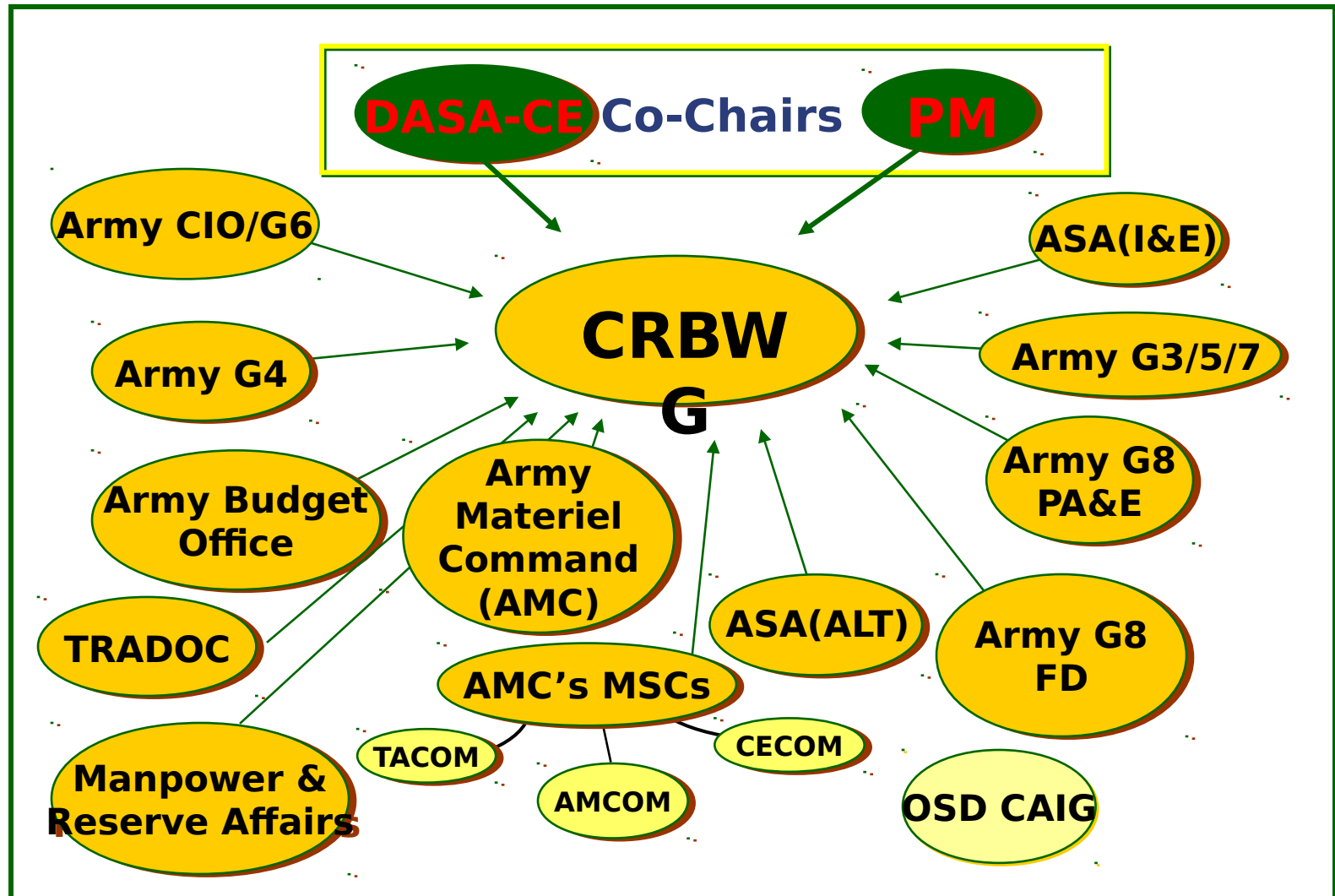
## Why

- DoD required to plan programs based on realistic resource projections
- Statutory requirement for acquisition executive to consider an independent estimate prior to a milestone decision
- AR 11-18 (Cost and Economic Analysis Program) requires ASA(FM&C) to:
  - Approve the Army Cost Position - based upon CRB review & recommendation
  - Represent the Army Acquisition Executive for all acquisition related cost and economic analyses related matters
- OSD Cost Analysis Improvement Group Chair will not release their Independent Cost Estimate until they receive a signed Service

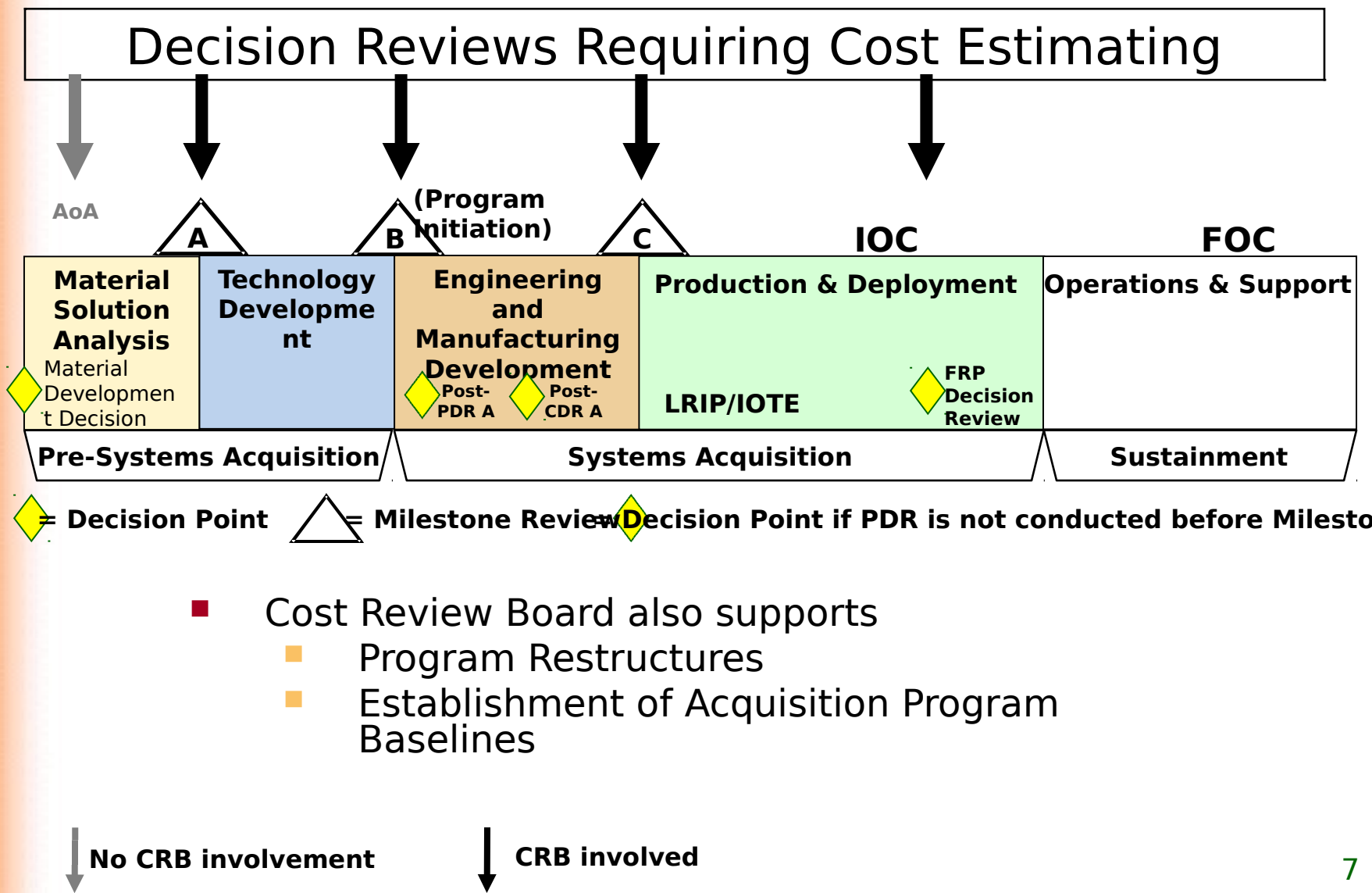
# CRB Principals



# CRB Working Group (CRBWG)

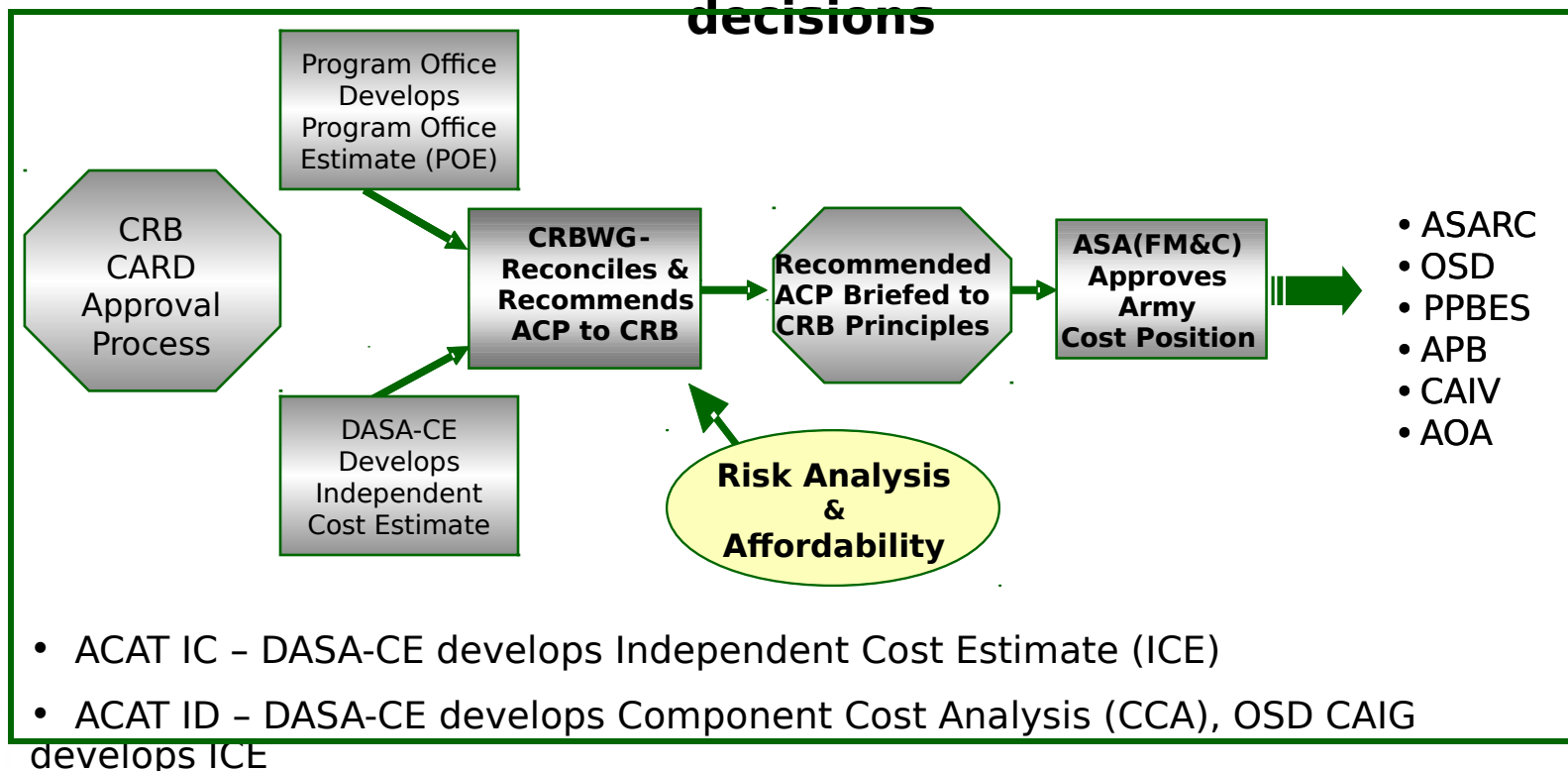


# Cost Review Board in Support of Acquisition Decisions



# CRB Process Overview

The Cost Review Board provides quality assurance for the Cost Analysis Process in support of acquisition decisions



## ■ Cost Analysis Requirements Description

- ASA(ALT) staffs PEO approved CARD to CRBWG
- CRBWG Reviews CARD brief
- CARD approved based upon CRB review

CARD - Cost Analysis Requirements Description

## ■ Service Cost Position

- CRBWG Reconciles estimates
- Conducts schedule & risk analysis
- G8-PAE conducts a formal affordability analysis
- Program modified or additional funding identified if not affordable



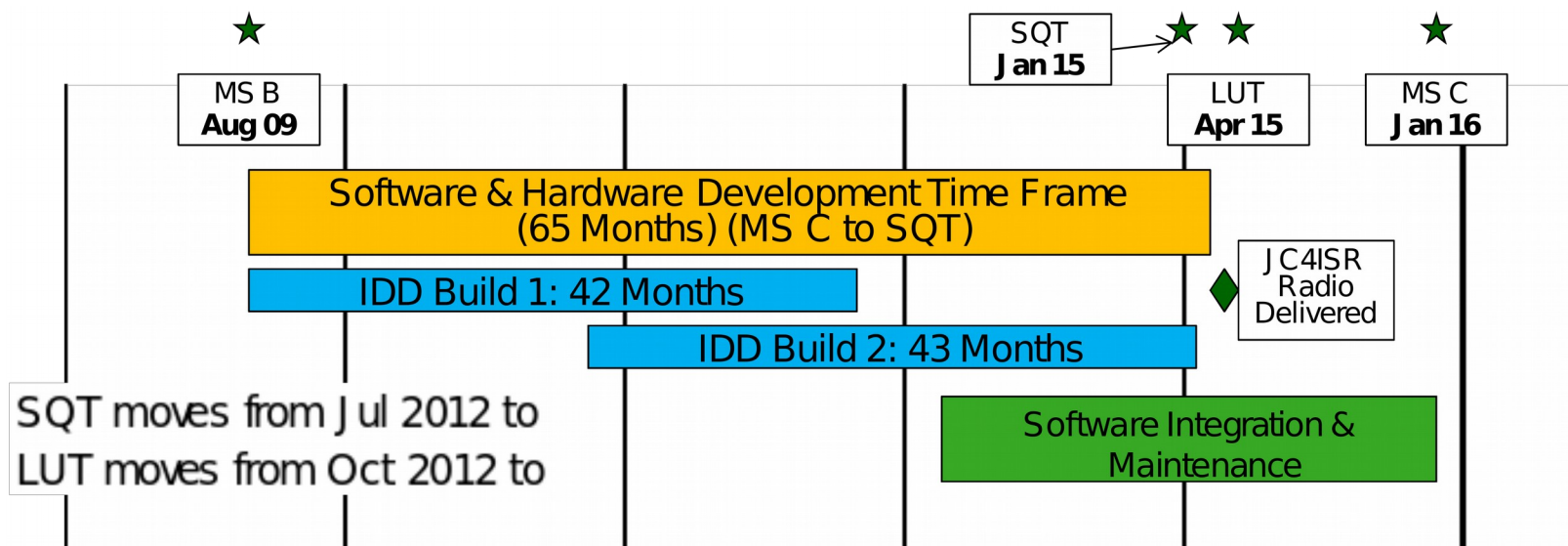
# Reconciliation

- Understand requirements
- Understand schedules and interdependency with other programs
- Review and validate the ACEIT Model
- Review and reconcile methodologies – side by side comparison
  - Methodology
  - Data sources
  - Estimating assumptions
  - Statistical relevancy
- Schedule analysis
- Risk Analysis

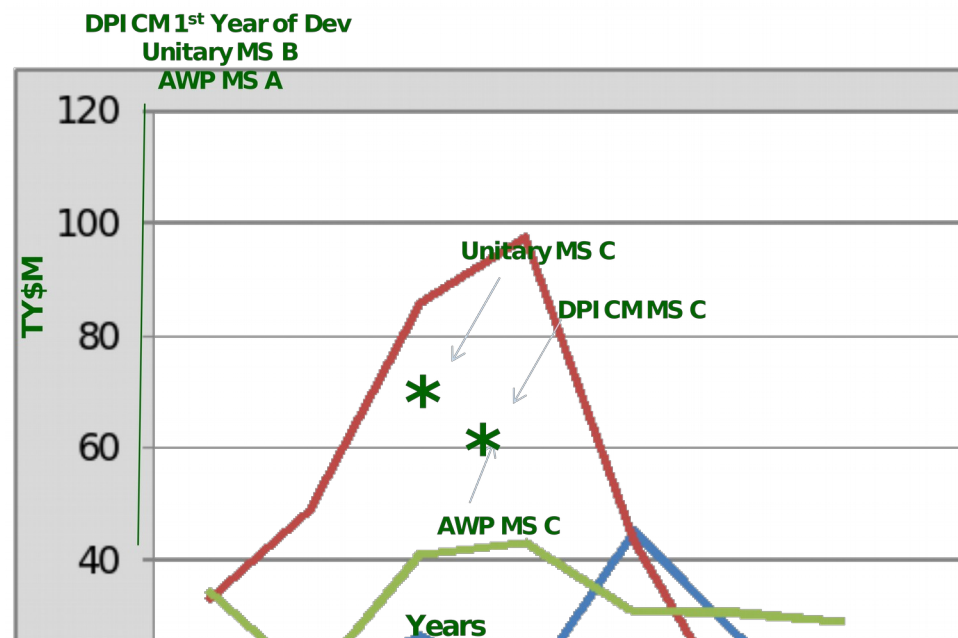


**Issue  
Resolution**

# Schedule Analysis



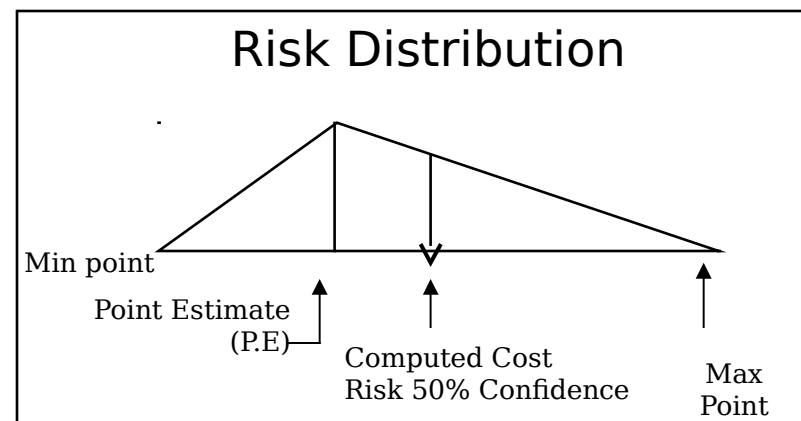
- **Bottoms up using software development as the driver**
- **Comparison to analogous programs**



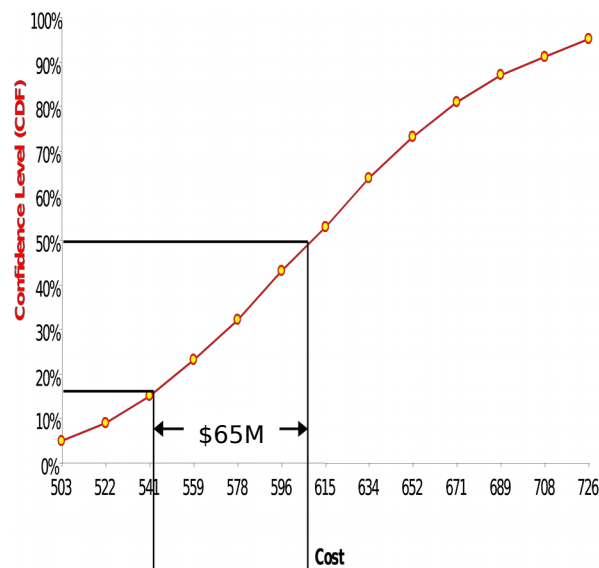
# Risk Analysis

## Technical Risk Assessment

Risk	S	C	T	Issues
Rotor Blades	R	Y	Y	1) Design not firm 2) Current 9 Month Slip
MEP/ARM Integration	R	Y	Y	1) EOSS Dev 2) Hot Bench
Software Concurrency	R	Y	Y	Four OFP Drops in 12 Months
Antenna	R	Y	R	Rqmts Flow down issues and Late System Integration
SATCOM/LINK 16	R	R	G	1) Total J SF Dependency 2) Funding Profile
Fault Isolation	R	Y	Y	1) SW Concurrency 2) Exit Criteria
Air-to-Air	R	Y	G	Congressional Withhold
Aft Fuselage Development	R	Y	Y	1) Design Stability 2) Current Forecast slip
Main Transmission Housing	R	G	Y	1) Current Forecast slip 2) Composite Hsg Complexity
Weight	R	R	R	Final weight by FY06
Build Schedule -1/mo	Y	Y	Y	1/mo build rate in EMD
Fielding Dates	R	R	N/A	
KPPs	R	R	R	



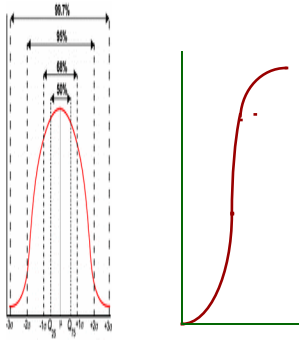
## Risk Confidence Levels



P.E. 544

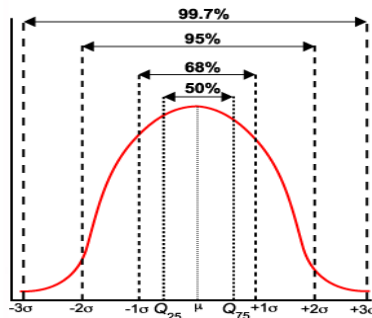
ACP @ 50%  
Confidence 609

# Army Cost Position Confidence Levels



## ■ Current:

- Army Cost Position risk analysis only considers technical risks
- Leads to a narrow confidence band
- Army Cost Position funded to 50% confidence

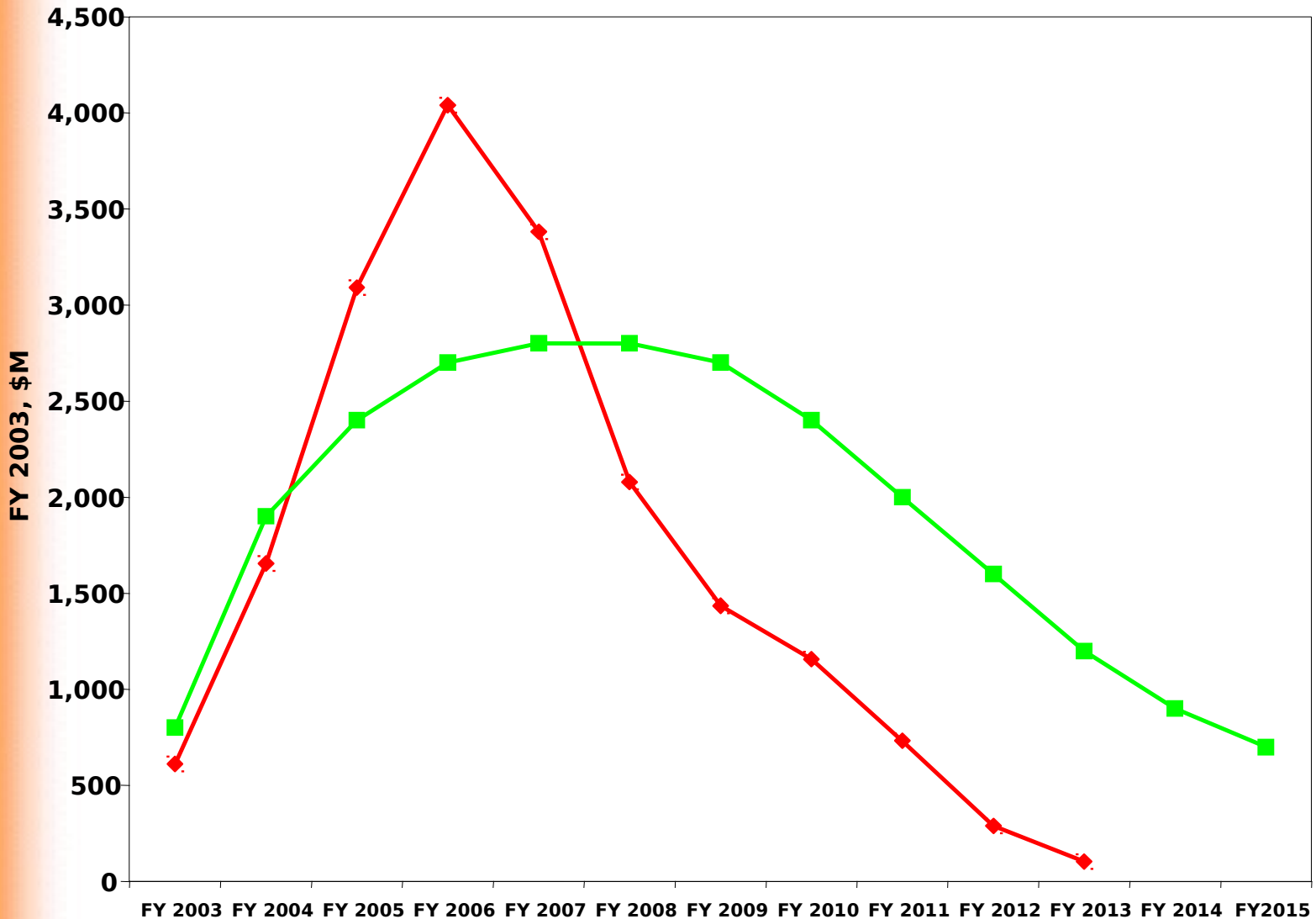


## ■ Proposed:

- Army Cost Position will include multiple areas of risk
  - Technical risk
  - Schedule risk
  - Requirements creep
  - Cost estimating uncertainty
- Will lead to a wider confidence band
- Army Cost Position presented as a range estimate
- Cost Review Board determines what confidence level to fund to

# Estimate Realistically Phased?

Deputy Assistant Secretary of the Army  
Cost & Economics (DASA-CE)



# Cost Review Board Performance Schedule

ACAT 1C and Below Reviews	
CARD Submission to ASA(ALT)	CRB - 114
CARD to CRB Working Group	CRB - 100
ICE Methodology Brief to DASA-CE	CRB - 92
CARD Brief to CRB	CRB - 90
ICE Results Brief to DASA-CE	CRB - 34
POE/ICE Submission	CRB - 31
CRB Working Group	CRB - 24
Recommended ACP to DASA-CE	CRB - 3
CRB (Goal - 2 weeks before OIPT)	CRB 0
Army OIPT	
ASARC	

90 Days

CRB  
schedule tied  
to OIPT date

- Timeliness and completeness of Cost Analysis Requirements Description (CARD) critical to successful program review
- Consider CRB schedule before scheduling OIPT
- Scope of review

# CRB Summary

- The CRB Process ensures:
  - Acquisition Program is aligned with HQDA priorities and requirements (CARD)
  - Army Cost Positions receive rigorous cost and programmatic review, senior management scrutiny, and stake holder buy-in
  - Funding and programmatic issues identified and usually resolved prior to Army OIPT
- Communication between ASA(ALT) and CRB critical for successful reviews
- Supports MDA Certification requirements